



Jonathan Mintz  
Commissioner

[REDACTED]  
Deputy General Counsel  
[REDACTED]

42 Broadway  
8th Floor  
New York, NY 10004

[REDACTED] tel  
[REDACTED] fax

[nyc.gov/consumers](http://nyc.gov/consumers)

By Email and Regular Mail

December 10, 2009

[REDACTED]

Re: Exemption of Higher Education Service Corporation from  
Licensing Requirements of Title 20, New York City Administrative  
Code, Chapter 2, Subchapter 30 (Debt Collection Agencies)

Dear Ms. [REDACTED]

This letter responds to your inquiry concerning whether the New York Higher Education Services Corporation ("HESC") must obtain a license from the New York City Department of Consumer Affairs ("DCA") to operate as a debt collection agency within the City of New York. The short answer to your question is that a license is not required.

According to the information that you provided to DCA, under its authority pursuant to the New York Article 14 of the New York Education Law, HESC purchases student loans from lenders. Although it is not HESC's objective to purchase delinquent loans, on occasion the loans that HESC purchases have become delinquent before the purchase and HESC seeks to collect those debts from students.

Section 20-490 of the Administrative Code of the City of New York provides:

***License Required.*** *It shall be unlawful for any person to act as a debt collection agency without first having obtained a license in accordance with the provisions of this subchapter, and without first being in compliance with all other applicable law, rules and regulations.*

Section 20-489(a) of the Administrative Code defines a "debt collection agency" in pertinent part, to include "a buyer of delinquent debt who seeks to collect such debt either directly or through the services of another . . . ." However, § 20-489(a)(8) expressly excludes the following



persons from the definition:

*[A]ny officer or employee of the United States, any state thereof or any political subdivision of any state to the extent that collecting or attempting to collect any debt owed is in the performance of his or her official duties.*

HESC is a corporation created by N.Y. Education Law § 652 as an education corporation in the New York State Education Department within the University of the State of New York as established under the Board of Regents. Pursuant to Educ. L. § 652(3), HESC is governed by a board of trustees fifteen of whom are appointed by the governor; three of whom are the commissioner of education, the chancellor of the state university, and the chancellor of the city university of the city of new york; and four of whom are students. HESC purchases loans, including those that have become delinquent, under the powers and duties of the board set forth at Educ. L. § 653. In seeking to collect debt, HESC, a political subdivision of the State of New York, and its employees and officers are performing official duties.

Accordingly, although the purchase of delinquent debt and efforts to collect it are activities for which a license generally is required under section 20-490 of the Administrative Code, HESC is exempt from the license requirement under section 20-489(a)(8) of the Code.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

[REDACTED]

[REDACTED]